



Director of  
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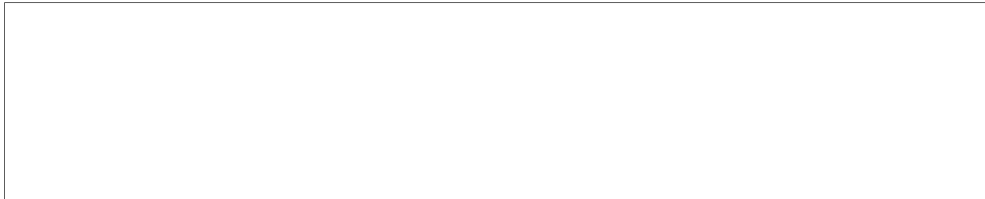
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**FRANCE: Prospects for Municipal Elections**

*The Socialists and Communists will suffer additional losses in the second round of municipal elections on Sunday.* [ ]

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In the first round, Socialists and Communists each lost eight of the 159 major cities controlled by the left since 1977. According to the US Embassy, Socialist Party officials fear the left could lose 35 to 40 additional cities in the runoffs. A loss of only 28 cities this Sunday would give opposition center-right parties control over a majority of the cities. [ ]

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First-round results indicate that the Socialists performed worst in the largest metropolitan areas, where they were hurt by a high number of abstentions and the opposition's ability to exploit law and order issues and to emphasize national rather than local concerns. Support dropped substantially for Communist candidates in such traditional bastions as the Paris suburbs. [ ]

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**Comment:** The parties and the media will focus attention on runoffs involving top Socialist officials. For example, Interior Minister Defferre is in a tight race in Marseilles—France's second-largest city—and his defeat would be a major blow to the Socialists. [ ]

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The left's losses, and the responsibility for them, are almost certain to produce strains in the ruling coalition and probably will lead to a cabinet shakeup. Prime Minister Mauroy's prestige has been seriously weakened, although President Mitterrand might prefer that he stay on to bear the burden of the government's austerity measures. Several Socialist ministers who have lost local races could be replaced, but Mitterrand could decide to retain others even if they lost their runoffs. [ ]

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Although some Socialist and Communist leaders will affirm the need for renewed unity, Mitterrand could be tempted to explore an opening to the center-left even at the risk of provoking a serious clash with the Communists. The President probably would be able to impose new restrictive economic policies despite further losses on Sunday. [ ]

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**DENMARK-US: Defense Minister's Visit**

*Defense Minister Engell, who will tour US military facilities next week, probably will discuss Danish defense programs and INF in his meetings with US officials.* [ ]

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Engell is especially interested in learning about military training and readiness policies, procedures, and exercises. According to the US defense attache in Copenhagen, Engell hopes his visit will help him design new training programs. [ ]

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The attache also suggests that Engell will raise the possibility of extending Denmark's current lease on Improved Hawk air defense systems. In addition, he reportedly may ask about leasing additional Hawk batteries or purchasing 10 more F-16 fighters with possible offset arrangements with the US. [ ]

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**Comment:** Engell is not pleased with the state of Danish defenses and is committed to revitalizing the armed forces. He is aware, however, that opposition parties want to make more cuts in military spending. The Social Democratic Party, for example, plans to submit to parliament this fall a bill to streamline defense forces that would be more likely to reduce military capabilities and readiness. [ ]

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In discussions with US officials, Engell will reaffirm Denmark's commitment to INF modernization. The center-right coalition government was forced by opposition parties last December to freeze Denmark's contribution to INF infrastructure funding. Engell will note, however, that the government has offset its frozen contribution by not accepting similar sums of money from NATO for other projects. [ ]

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**EGYPT: Ministers Charged With Corruption**

Egypt's Court of Ethics yesterday charged three cabinet ministers with fraud in an apparent followup to the recent corruption trial of the late President Sadat's brother. These are the first official charges against serving cabinet-level ministers. [REDACTED]

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**Comment:** President Mubarak probably was aware in advance of the court's decision. The action offers him an opportunity to carry out a long-rumored shuffle of his cabinet and to improve his popularity by demonstrating his determination to root out corruption. Mubarak also may be trying to forestall additional opposition criticism that could focus on cabinet members more closely linked to the presidency. There is a risk, however, that further trials will heighten public suspicions linking US aid and Egyptian corruption. [REDACTED]

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**ITALY: Communist Party Congress**

The only important development at the Communist Party congress, which ended this week, was the strength of rank-and-file support for a liberalization of the rules of "democratic centralism," which concentrates authority in the hands of the party leadership. The prospect of a clash over relations with the USSR was avoided when party leaders toned down language critical of Moscow and isolated a pro-Soviet dissident. Party chief Berlinguer's appeal for a "leftist alternative" government—a coalition with the Socialists—provoked only a lukewarm response from Communist delegates and their invited Socialist guests, who remain intensely suspicious of each other. [ ]

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**Comment:** Party leaders were surprised by the support for liberalizing the party's decisionmaking process. Berlinguer and his associates are almost certain to see these developments as a potential threat to future party unity. The decision to name Alessandro Natta, who is often referred to as the number-two man in the party, as head of the party's disciplinary apparatus probably means the leaders are not prepared to cede any of their authority. [ ]

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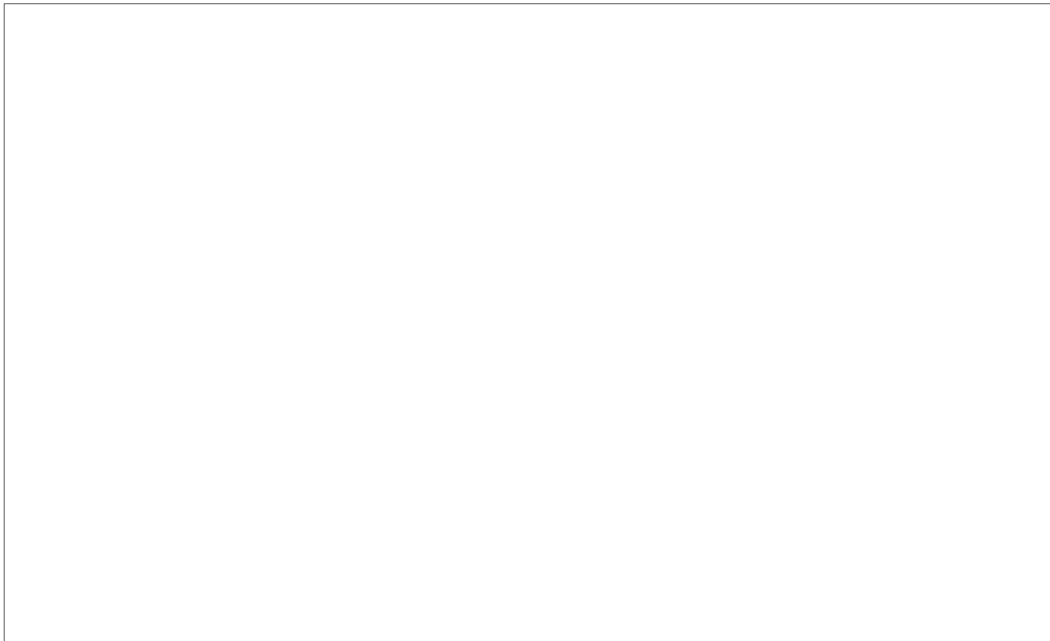
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**JAPAN: Lower House Approves Budget**

Prime Minister Nakasone has won a political victory by gaining Lower House approval of the budget for the fiscal year that runs from April 1983 to March 1984 with only minor concessions to the opposition party. His administration agreed only to study the possibility of a tax cut, something the opposition had urged. Even if the Upper House does not approve it, under Japanese law the budget will be enacted automatically in 30 days.

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**Comment:** Nakasone now has to deal with a proposed reorganization of the financially troubled national railways and a resolution to deprive former Prime Minister Tanaka of his Lower House seat because of his involvement in the Lockheed scandal. The opposition will go against the railway bill and push the resolution to unseat Tanaka. Nakasone will try to defer action on the Tanaka issue because it could undermine the unity of the Liberal Democratic Party.

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## **Special Analysis**

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### **SPAIN: The Socialists' Foreign Policy**

*Foreign policy during the first three months of Prime Minister Gonzalez's tenure has reflected the Socialists' attempts to satisfy their leftist constituency on the one hand and Spain's powerful, conservative interest groups and the country's traditional allies on the other. The Socialists have pledged to keep Spain on a pro-Western course, but they are committed to developing independent diplomatic positions, particularly in Latin America.*

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Good relations with Washington have emerged as a principal concern of Socialist policymakers. Last month, for example, the government decided to commit itself to seeking early parliamentary approval of the pending defense agreement with the US. Several factors have pushed Madrid in this direction:

- A belief on the part of Gonzalez and many of his advisers that Spain should share in the defense of the West.
- A desire to assure Spanish conservatives—and the military—that the government will provide for the country's security regardless of its eventual decision about continued NATO membership.
- The urgings of King Juan Carlos.

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Despite this commitment, Socialist leaders worry that the US does not regard Spain as a fully reliable ally. Much of their concern stems from their sense that Spain's interests and their ideals are at odds with US policies—on Latin America and East-West issues, and perhaps on the bilateral agreement itself.

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The Defense and Foreign Ministers have said they may try in the future to negotiate additional restrictions on US use of bases in Spain for out-of-area transit. They also may try to lessen the damage from a possible nuclear attack by shifting US Air Force facilities near Madrid to a less populated area. The Communist Party and Socialist radicals are likely to agitate on these matters and also to oppose continued membership in NATO.

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**The NATO Issue**

The Socialists appear most divided and subject to competing pressures on the NATO question. Gonzalez is caught between the opposition of leftist voters to continued NATO membership and his growing belief that leaving NATO could be a mistake. [ ]

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Gonzalez's problem is magnified by his promise during the election campaign to hold a national referendum on the question. Socialist officials, moreover, repeatedly have linked continued membership in NATO with progress on Spain's bid to enter the EC and to secure repatriation of Gibraltar. They have been less emphatic, however, about obtaining security guarantees for the Spanish exclaves in North Africa. [ ]

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Although the Socialists are now trying to stall on the NATO issue, Gonzalez may have to make decisions on the Alliance before he is ready. The Alliance's debate on INF policy, for example, could force his hand. [ ]

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The Spanish have decided to attend the Nuclear Planning Group meeting on 22 and 23 March and will either have to sign the communique or dissociate themselves from it. The former would anger leftists and risk making NATO nuclear policy a domestic issue. The latter would irritate key allies and increase impatience with Spain's ambiguous position in the Alliance. [ ]

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Unlike the other countries that will be represented at the meeting, Spain apparently will not be represented at the ministerial level. That is certain to annoy the other participants. [ ]

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Spain's armed services have generally supported continued participation in the Alliance, and the Socialists have decided after considerable internal argument to remain on the NATO military committees. Although Gonzalez evidently will try hard to maintain active membership, it is not yet clear how he will sell it to party leftists. [ ]

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**Views on Latin America**

Despite the Socialists' concerns about alienating Washington, they have been eager to assume a more active diplomatic role in Latin America. Their enthusiasm stems in part from a conviction that Spain has a role there by virtue of historic and cultural ties. The Socialists probably also believe increased involvement in Latin America would be generally popular in Spain. [ ]

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The Socialists' view of Central America, however, is clouded by romantic illusions, inconsistent thinking, and a lack of hard information. Gonzalez, for example, talks of the fighting in El Salvador and Guatemala as primarily domestic matters.

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On the other hand, Gonzalez continues to ascribe Nicaragua's problems largely to Cuban support of the Sandinista regime and US support of various antigovernment groups. In private, however, he has grown increasingly critical of the radical thrust of the Nicaraguan revolution.

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Gonzalez has offered to serve as a mediator in Central America or to support peace initiatives originating in the region. His overtures, however, have not stimulated much interest in the countries directly affected or threatened by leftist insurgencies.

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### **Outlook**

The ability of the Socialists to continue on a middle course depends in part on domestic factors. As long as their government continues to rest on a broad popular consensus, they are likely to try to maintain the close ties with the West that are reassuring to conservative interest groups and favored by much of the party's moderate leadership. Declining support, however, might encourage the Socialists to attempt showy gestures of independence designed to enhance their credentials with leftist voters.

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**Indian States Controlled by Opposition Parties**

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### **INDIA: The Pressures on Gandhi**

*Prime Minister Gandhi is beset by growing political problems that seem likely to be an increasing drain on her time and energies over the next several months. She has responded to the election defeats of her Congress Party in two large states in January by initiating changes she hopes will revitalize the party. Gandhi's ability to manage the challenges facing her will largely determine whether the Congress Party remains in power after national elections and probably will affect the conduct of foreign policy.* [ ]

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Gandhi's party has been losing ground steadily since her return to power in 1980. Although the party holds nearly two-thirds of the seats in parliament and controls 15 of 22 state assemblies, it has been able to secure a majority in only one of the 10 state legislatures elected since last May. [ ]

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The Prime Minister is concerned by the defection to opposition parties of large numbers of the Congress Party's traditional supporters—untouchables, Muslims, urban poor, and landless laborers. The voters have become increasingly sophisticated and are now quick to punish candidates whom they judge as corrupt or too subservient to New Delhi. Indian political observers estimate voters now reject about 40 percent of all incumbent candidates for national and state legislative bodies. [ ]

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Gandhi, moreover, is widely accused of systematically stripping the party of talent in order to bar challenges to her leadership or to the planned succession of her son, Rajiv. High-ranking members of her party include many weak and ineffective officials whose major asset is unquestioned loyalty to the Prime Minister. [ ]

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### **Changes in the Congress Party**

Since January, Gandhi has made some changes in her party to calm critics who are concerned that it could lose its majority in the next general election, which has to be held before January 1985. She installed a party veteran as "working president" to oversee the sacking of several cabinet ministers. In Maharashtra State, she replaced a weak Congress Party chief minister with an experienced politician who commands his own regional power base. [ ]

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The Prime Minister also has moved to reduce Rajiv's direct role as a votegetter in election campaigns. He has been inept and has appeared to be more a liability than a help to party candidates for whom he campaigned over the past year. [ ]

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In early February Gandhi appointed Rajiv one of five Congress Party general secretaries. This will assure that he will play a less visible role in future elections. [ ]

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Rajiv's new position, however, does give him a stronger role in the party hierarchy and institutionalizes his influence in party decisionmaking. [ ]

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The prospects for major reform in the party that would satisfy dissident elements and placate an impatient electorate are still uncertain. In the end, Gandhi probably will forgo restructuring the party and loosening central control because she assumes the opposition parties will be unable to unite and form an effective national coalition. [ ]

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### **Regional Problems**

The Indian leader is under pressure from all sides to resolve inflammatory communal tensions in a number of states that are demanding greater autonomy. Legislators of a Sikh regional party have resigned from parliament to protest alleged government discrimination against the Sikh majority in the state of Punjab. [ ]

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Militant Sikhs plan to urge Zail Singh, the first Sikh President of India, to resign from office. They will fail but are likely to embarrass both Singh and the Prime Minister. [ ]

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Late last month three opposition parties boycotted the opening of the budget session of parliament to protest government mishandling of the recent election violence in Assam. The anticipated radicalization of the student movement in Assam, which is demanding the expulsion of illegal Muslim immigrants from Bangladesh, probably will interfere with Gandhi's plans to bring stability to the troubled northeast, where insurgencies still smolder. [ ]

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**Foreign Policy Implications**

During recent campaigns, Gandhi has focused her attacks on rightists and India's two Communist parties, all of whom she has accused of maintaining foreign contacts in the past. Further erosion of Gandhi's popular support and her consequent preoccupation with domestic problems may make the Prime Minister more suspicious of superpower intentions in the subcontinent and inclined to play on the theme of national security to win bipartisan support. [redacted]

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In a message to the Indian Youth Congress in December, Gandhi accused "outside forces" of abetting efforts to undermine the political system and disrupt national unity. According to Indian officials in the Prime Minister's office, the US is widely suspected of being involved in the Congress Party's losses in January. More recently, Gandhi failed to rule out possible US involvement in the election violence in Assam. [redacted]

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The process of normalizing relations with China and Pakistan is likely to slow down as Gandhi devotes more attention to domestic political battles. The Prime Minister may be less willing to expend the political capital to achieve a diplomatic breakthrough with China. [redacted]

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